

Message Text

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PAGE 01 JIDDA 03641 220856Z
ACTION NEA-10

INFO OCT-01 EB-07 ISO-00 CIAE-00 INR-07 NSAE-00 COME-00
SS-15 NSC-05 SP-02 L-03 PA-01 PRS-01 USIA-06
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R 211415Z MAY 77
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 8392
INFO AMEMBASSY ABU DHABI
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
TREASURY WASHDC

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E.O. 11652: N/A
TAGS: EINV, BEXP, SA
SUBJECT: U.S. TAX REFORM LAW PREVENTS HIRE OF AMERICANS BY
SAUDI BASIC INDUSTRIES CORPORATION

1. DURING A DISCUSSION MAY 17, 1977 WITH SHEIKH ABDUL
AZIZ AL ZAMIL, EXECUTIVE DIRECTOR OF THE SAUDI ARABIAN BASIC
INDUSTRIES CORPORATION, HE STATED THAT HIS EFFORTS TO RE-
CRUIT AND HIRE FIVE AMERICAN ECONOMIC, FINANCIAL AND
INDUSTRIAL EXPERTS AS ADVISORS FOR THIS SAUDI GOVERNMENT
AGENCY FAILED BECAUSE THE INDIVIDUALS CONTACTED STATED THE
U.S. TAX BURDEN WAS TOO HIGH.

2. SHEIKH ABDUL AZIZ WAS DISAPPOINTED AT NOT
BEING ABLE TO SUCCEED IN RECRUITING AMERICANS
FOR THESE POSITIONS PAYING IN THE RANGE OF \$40,000
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PAGE 02 JIDDA 03641 220856Z

TO \$50,000 ANNUALLY PLUS EMOLUMENTS WHICH INCLUDED
HOUSING, TRANSPORTATION AND TRAVEL. HE FELT THAT
THE TAX REFORM ACT EXPECIALLY PENALIZED AMERICANS
IN SAUDI ARABIA WHEN IT WAS EXPLAINED THAT THE LAW
HAS WORLD-WIDE APPLICABILITY.

3. HE EMPHASIZED THE LOSES THAT WOULD ACCRUE TO

U.S. TRADE AND POSSIBLY JOINT VENTURES IN THE SABIC PROGRAM FOR U.S. COMPANIES. HAVING BEEN EDUCATED IN THE U.S., SHEIKH ABDUL AZIZ' SENTIMENTS CAN BE CHARACTERIZED AS REGRET RATHER THAN CHAGRIN. HE STATED THAT THE SAG ALWAYS PAID A PREMIUM SALARY FOR AMERICANS OVER EUROPEANS BUT THAT U.S. LAWS NOW HAVE MADE THIS A DISADVANTAGE FOR PROSPECTIVE U.S. EMPLOYEES.

4. WHEN WE REFERRED HIM TO SERVICES BY THE INTERNATIONAL EXECUTIVE SERVICE CORPS, ABDUL AZIZ STATED THAT THESE MEN WERE AVAILABLE FOR ONLY SHORT PERIODS AND THEIR AGE WAS A DISADVANTAGE. HE WANTED YOUNGER EXPERTS FOR A THREE TO FIVE YEAR CONTRACT.

5. COMMENT: UNFORTUNATELY, THIS IS NOT THE ONLY INSTANCE WHERE AMERICANS HAVE FOUND THEY COULD NOT AFFORD THE TAX BITE BY ACCEPTING JOBS IN SAUDI ARABIA. THE POSITIONS OFFERED, HOWEVER, WOULD HAVE PROVIDED EXCELLENT LEVERAGE FOR U.S. COMMERCIAL AND ECONOMIC INTERESTS.
PORTER

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 21-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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